



GAGASAN NADI CER GAS
BERHAD [1238966-U]

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended
30 June 2019**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2019⁽¹⁾

	Note	Quarter Ended		Year-To-Date Ended	
		30.6.2019 RM'000	30.6.2018 ⁽²⁾ RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Revenue	A9	71,019	N/A	139,909	121,646
Operating expenses		(66,443)	N/A	(129,779)	(106,783)
Other operating income		9,680	N/A	18,959	18,509
Finance costs		(4,453)	N/A	(9,545)	(9,786)
Profit before taxation	B12	<u>9,803</u>	<u>N/A</u>	<u>19,544</u>	<u>23,586</u>
Income tax expense	B6	(2,795)	N/A	(6,127)	(6,262)
Profit after taxation		<u>7,008</u>	<u>N/A</u>	<u>13,417</u>	<u>17,324</u>
Profit after taxation					
attributable to:-					
Owners of the Company		6,878	N/A	13,055	17,385
Non-controlling interests		130	N/A	362	(61)
		<u>7,008</u>	<u>N/A</u>	<u>13,417</u>	<u>17,324</u>
Total comprehensive					
income attributable to:-					
Owners of the Company		6,878	N/A	13,055	17,385
Non-controlling interests		130	N/A	362	(61)
		<u>7,008</u>	<u>N/A</u>	<u>13,417</u>	<u>17,324</u>
Earnings per share					
attributable to owners of					
the Company:					
Basic EPS (sen)	B11	0.91	N/A	1.74	2.84
Diluted EPS (sen)	B11	<u>0.91</u>	<u>N/A</u>	<u>1.74</u>	<u>2.84</u>

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding year's quarterly results as the Company was only listed on 8 January 2019.

N/A – Not applicable

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019⁽¹⁾

	Note	Unaudited 30.6.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		30,070	30,429
Inventories		76,784	75,822
Trade receivables		576,879	589,875
		<u>683,733</u>	<u>696,126</u>
Current assets			
Contract assets		29,854	32,980
Property development cost		17,080	17,532
Trade receivables		77,333	76,815
Other receivables, deposits and prepayments		9,700	11,838
Tax refundable		779	239
Short-term deposits with licensed banks		35,424	50,519
Cash and bank balances		65,167	23,187
		<u>235,337</u>	<u>213,110</u>
TOTAL ASSETS		<u>919,070</u>	<u>909,236</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	95,444
Reserves		296,357	283,302
Equity attributable to owners of the Company		<u>432,801</u>	<u>378,746</u>
Non-controlling interests		4,681	4,319
Total equity		<u>437,482</u>	<u>383,065</u>
Non-current liabilities			
Borrowings	B8	294,084	316,667
Deferred tax liabilities		80,018	78,845
		<u>374,102</u>	<u>395,512</u>
Current liabilities			
Trade payables		62,035	73,666
Other payables and accruals		6,077	9,155
Borrowings	B8	36,941	46,549
Provision for taxation		2,433	1,289
		<u>107,486</u>	<u>130,659</u>
Total liabilities		<u>481,588</u>	<u>526,171</u>
TOTAL EQUITY AND LIABILITIES		<u>919,070</u>	<u>909,236</u>
Number of issued shares ('000)		753,000	613,000
Net asset per share attributable to Owners of the Company (RM)		0.57	0.62

Note:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2019⁽¹⁾

	Note	← Distributable →			Non-Controlling Interests	Total Equity
		Share Capital	Retained Profits	Attributable to Owners of the Company		
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2018		95,444	257,876	353,320	4,117	357,437
Change in accounting policy, MFRS 9 adoption	A2	-	(7,164)	(7,164)	-	(7,164)
Balance at 31.12.2017/1.1.2018 (Restated)		95,444	250,712	346,156	4,117	350,273
Profit for the financial year, representing total comprehensive income for the financial year		-	32,590	32,590	202	32,792
Balance at 31.12.2018 (Audited)		95,444	283,302	378,746	4,319	383,065
Profit for the financial period, representing total comprehensive income for the financial period		-	13,055	13,055	362	13,417
Contributions by and distribution to owners of the Company:						
- Issuance of shares		42,000	-	42,000	-	42,000
- Share issuance expenses ⁽²⁾		(1,000)	-	(1,000)	-	(1,000)
Total transaction with owners		41,000	-	41,000	-	41,000
Balance at 30.6.2019 (Unaudited)		136,444	296,357	432,801	4,681	437,482

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) In relation to the Initial Public Offering in conjunction with the listing of the Company on the ACE Market of Bursa Securities.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND (2ND) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2019⁽¹⁾

	Year-To-Date Ended	
	30.6.2019	30.6.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	19,544	23,586
Adjustments for:-		
Accretion of fair value on non-current trade receivables	(15,039)	(15,689)
Depreciation of property, plant and equipment	1,017	1,065
Impairment loss under MFRS 9	-	133
Gain on disposal of property, plant and equipment	(15)	-
Property, plant and equipment written off	-	20
Reversal of allowance for impairment losses under MFRS 9	(2,546)	(1,901)
Listing expense	1,158	-
Finance income	(1,206)	(730)
Finance cost	9,545	9,786
Operating profit before working capital changes	<u>12,458</u>	<u>16,270</u>
Decrease in inventories	450	-
Decrease/(Increase) in contract assets	3,126	(1,165)
Decrease in trade and other receivables	30,372	8,210
(Increase)/Decrease in trade and other payables	<u>(14,710)</u>	<u>12,678</u>
Cash from operating activities	<u>31,696</u>	<u>35,993</u>
Tax paid	<u>(4,350)</u>	<u>(3,902)</u>
Net cash from operating activities	<u><u>27,346</u></u>	<u><u>32,091</u></u>
Cash flows from/(for) investing activities		
Finance income received	1,206	730
Proceeds from disposal of property, plant and equipment	15	-
Withdrawal/(Placement) of deposits pledged and with original maturity periods of more than three months	9,032	(1,744)
Purchase of properties held for future development	(963)	(3,245)
Purchase of property, plant and equipment	<u>(658)</u>	<u>(2,693)</u>
Net cash from/(for) investing activities	<u><u>8,632</u></u>	<u><u>(6,952)</u></u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE second (2ND) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2019⁽¹⁾ (CONT'D)

	Year-To-Date Ended	
	30.6.2019	30.6.2018
	RM	RM
Cash flows from/(for) financing activities		
Drawdown of borrowings	3,654	-
Repayment of borrowings	(33,964)	(29,890)
Finance cost paid	(9,545)	(9,786)
Payment for listing expense	(328)	-
Proceeds from issuance of shares	42,000	-
Net cash from/(for) financing activities	1,817	(39,676)
Net increase/(decrease) in cash and cash equivalents	37,795	(14,537)
Allowance for impairment losses under MFRS 9	-	(136)
Cash and cash equivalents at beginning of financial period	23,630	44,249
Cash and cash equivalents at end of financial period	61,425	29,576
Cash and cash equivalents comprise:		
Fixed deposit placed with licensed banks	35,424	34,778
Cash in hand and at bank	65,165	26,359
Bank overdraft	(4,903)	-
	95,686	61,137
Less: Fixed Deposit pledged with licensed banks	(34,261)	(31,561)
	61,425	29,576

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Cash Flow are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Gagasan Nadi Cergas Berhad (“Gagasan Nadi” or “the Company”) and its subsidiaries (collectively known as “the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This is the fourth interim financial report on the Company’s unaudited condensed consolidated financial results for the second quarter ended 30 June 2019 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s quarter.

This interim financial report should be read together with the audited Annual Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited Annual Financial Statements for the year ended 31 December 2018.

During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A3. Auditors' report on preceding annual financial statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or cyclical factors

The Group's performance have not been materially affected by any seasonal or cyclical factors during the current quarter and year-to-date.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter and year-to-date.

A6. Changes in estimates

There were no material changes in estimates for the current quarter and year-to-date.

A7. Debt and equity securities

Other than the issuance of new shares pursuant to the Company's Initial Public Offering and listing on the ACE Market of Bursa Securities as disclosed below, there were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

	Number of shares '000	RM'000
Issued and Fully Paid-Up		
At 1 January 2019	613,000	95,444
Issuance of new shares	140,000	42,000
Share issuance expenses	-	(1,000)
At 30 June 2019	<u>753,000</u>	<u>136,444</u>

A8. Dividends paid

There was no payment of dividend during the current quarter and previous corresponding financial year-to-date.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental information

The Group's segmental information for the current financial period ended 30 June 2019 is as follows:

30.6.2019	Construction RM'000	Concession and Facility Management RM'000	Utility Services RM'000	Property Development RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
Revenue							
External revenue	123,250	7,891	2,267	6,501	-	-	139,909
Inter-segment revenue	-	-	-	-	4,260	(4,260)	-
	<u>123,250</u>	<u>7,891</u>	<u>2,267</u>	<u>6,501</u>	<u>4,260</u>	<u>(4,260)</u>	<u>139,909</u>
Results							
Segment results	8,994	2,366	1,124	822	(1,442)	(549)	11,315
Accretion of fair value on non-current trade receivables	-	15,039	-	-	-	-	15,039
Depreciation	(543)	(165)	(189)	(3)	-	(117)	(1,017)
Finance income	155	654	80	2	315	-	1,206
Finance costs	(77)	(8,241)	(2)	(51)	(1,147)	(27)	(9,545)
Reversal of allowance for impairment losses under MFRS 9	808	1,438	300	-	-	-	2,546
Profit/(Loss) before taxation	<u>9,337</u>	<u>11,091</u>	<u>1,313</u>	<u>770</u>	<u>(2,274)</u>	<u>(693)</u>	<u>19,544</u>
Income tax expense	<u>(3,413)</u>	<u>(2,024)</u>	<u>(527)</u>	<u>(143)</u>	<u>(20)</u>	<u>-</u>	<u>(6,127)</u>
Profit/(Loss) after taxation	<u>5,924</u>	<u>9,067</u>	<u>786</u>	<u>627</u>	<u>(2,294)</u>	<u>(693)</u>	<u>13,417</u>
Assets							
Segment assets	146,818	648,037	16,860	24,276	86,253	(3,953)	918,291
Unallocated asset: Tax refundable							779
Consolidated total assets							<u>919,070</u>
Additions to non-current assets other than financial instruments:							
- Property, plant and equipment	183	208	267	-	-	-	658
- Properties held for future development	276	-	-	-	687	-	963
Liabilities							
Segment liabilities	70,256	288,963	181	7,909	31,927	(100)	399,136
Unallocated liabilities:							
- Deferred tax liabilities							80,018
- Provision for taxation							2,434
Consolidated total liabilities							<u>481,588</u>

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment during the current quarter and year-to-date.

A11. Significant Events Subsequent to the End of the Interim Financial Period

Save as disclosed in Note B5 "Status of corporate proposals" below, there were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the current quarter under review.

On 26 March 2019, the Company acquired the entire issued and paid-up capital of Nadi Cergas Urus Harta Sdn. Bhd. ("NCUH") comprising one hundred (100) ordinary shares for a cash consideration of RM100. Subsequent to the acquisition, NCUH became a wholly-owned subsidiary of the Company.

A13. Contingent assets and contingent liabilities

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim report.

**Unaudited
As at 30.6.2019
RM'000**

Financial guarantee contract in relation to corporate guarantee given to third parties in the ordinary course of business.

66,213

A14. Capital commitments

There were no capital commitments as at the end of the current and previous corresponding financial periods.

A15. Related party transactions

Save as disclosed below, there were no other significant related party transactions as at the date of this interim report.

Quarter Ended 30.6.2019 RM'000	Year-To-Date 30.6.2019 RM'000
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Related Parties

- Progress billing income

424

1,831



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

(a) Results for current quarter

The Group recorded revenue of RM71.02 million and profit before tax of RM9.80 million for the current quarter ended 30 June 2019. The Group's revenue contributed by the construction, concession and facility management, utility services and property development segments were approximately 86.88%, 5.56%, 1.60% and 5.96% respectively. The profit before tax was mainly derived from the construction and concession and facility management segments.

There are no comparative figures for the preceding year's quarterly results as the Company was only listed on 8 January 2019.

(b) Results for financial year-to-date

For the current financial year-to-date, the Group recorded a higher revenue of RM139.91 million as compared to RM121.65 million recorded in previous financial year-to-date. The higher revenue was mainly attributed to higher revenue from on-going construction projects namely Rumah Selangorku Putra Height project, Cardiology Centre for Serdang Hospital project and MRSM Bangan Datuk project and property development.

The Group registered a lower profit before tax of RM19.55 million for the current financial year-to-date as compared to RM23.59 million registered in previous financial year-to-date. The lower Group profit before tax for the current financial year-to-date was mainly attributed to lower gross profit margin from construction projects, IPO listing expenses of RM1.16 million and higher administration expense incurred in current financial year-to-date.

B2. Comparison with immediate preceding quarter's results

The Group registered a slightly higher revenue of RM71.02 million for the current financial quarter as compared to RM68.89 million in the preceding quarter. The Group's profit before tax also increased to RM9.80 million as compared to RM9.74 million in the preceding quarter. The higher profit before tax registered in the current quarter was due to higher revenue recorded during the current quarter.

B3. Commentary on prospects

The Group's order book stood at approximately RM640 million as at 30 June 2019 and with the continuous tendering for new jobs, the Board expects the performance of the construction segment for the current financial year to be sustainable. The performance of the Group's facility management for the concession projects and the utility services segment is also expected to be maintained for the rest of the current financial year. For the property development segment, its performance is expected to improve for the current financial year in line with the progress of the Antara Residence Project.



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the quarter under review.

B5. Status of corporate proposals

The Company successfully listed its entire enlarged issued share capital of RM136.44 million comprising of 753,000,000 shares on the ACE Market of Bursa Securities on 8 January 2019.

B6. Income tax expenses

	Current Quarter 30.6.2019 RM'000	Year-To- Date 30.6.2019 RM'000
Current tax expense	2,256	4,955
Deferred tax expense	539	1,172
	<u>2,795</u>	<u>6,127</u>
Effective tax rates ⁽¹⁾	28.51%	31.35%

Note:

(1) The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 24% and it is mainly attributed to higher taxable income from collection of Availability Charges from Concession Projects. As the qualifying expenditure is only restricted to 91% of total construction costs, 9% of the Availability Charges collected during the current quarter and year-to-date was deemed as taxable income resulting in the increase in tax expense.



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Utilisation of proceeds from the Initial Public Offer ("IPO")

The utilisation of proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 13 December 2018. The gross proceeds raised from the Public Issue of RM42 million and status of utilisation as at 30 June 2019 is disclosed in the following table:

No.	Purpose	Time frame for utilisation from the date of listing	%	Proposed utilisation	Actual utilisation RM'000
(a)	Funding for the AFF Mixed Development ⁽¹⁾	Within 30 months	33.3	14,000	5,409
(b)	Capital expenditures for the district cooling system for the supply of chilled water to a shopping mall under the Datum Jelatek development	Within 12 months	15.5	6,500	4,483
(c)	Working capital for a construction project	Within 24 months	39.3	16,500	16,500
(d)	Estimated listing expenses	Within 3 months	11.9	5,000	5,000
Gross proceeds			100.0	42,000	31,392

Note:

(1) Antara Residence Project



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Bank borrowings

The Group's bank borrowings as at 30 June 2019 are as follows:

	Unaudited As at 30.6.2019 RM'000
Current:	
Hire purchase payable	322
Term loan	11,716
Bonds	20,000
Bank overdraft	4,903
	<hr/>
	36,941
Non-current:	
Hire purchase payable	843
Term loan	153,241
Bonds	140,000
	<hr/>
	294,084
	<hr/>
Total	331,025
	<hr/>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigation involving the Group as at the date of this report.

B10. Dividend

The Board of Directors declared an interim single-tier of 0.5 sen per ordinary shares in respect of the financial year ending 31 December 2019.

The entitlement to the interim single-tier dividend will be determined based on the shareholders registered in the record of depositors as at 13 September 2019 and the date of payment will be on 30 September 2019.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. Earnings per share

The basic and diluted earnings per share (“EPS”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial periods are as follows:

	Quarter Ended		Year-To-Date	
	30.6.2019	30.6.2018 ⁽¹⁾	30.6.2019	30.6.2018
Profit attribute to owners of the Company (RM'000)	6,878	N/A	13,055	17,385
Weighted average number of ordinary shares:				
- Ordinary shares at 1 January	613,000	N/A	613,000	613,000
- Issuance of shares	140,000	N/A	137,680	-
Weighted average number of ordinary shares in issue ('000)	753,000	N/A	750,680	613,000
Basic EPS (sen) ⁽²⁾	0.91	N/A	1.74	2.84
Diluted EPS (sen) ^{(2) & (3)}	0.91	N/A	1.74	2.84

Notes:

(1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarterly results as the Company was only listed on 8 January 2019.

(2) The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 30 June 2019.

(3) Diluted earnings per share of the Company for the individual quarter ended 30 June 2019 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A - Not Applicable



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Disclosure on selected expense/income items as required by the Listing Requirements

	Current Quarter	Year-To-Date
	30.6.2019	30.6.2019
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	510	1,017
Finance cost	4,453	9,545
Accretion of fair value on non-current trade receivables	(7,478)	(15,039)
Gain on disposal of property, plant and equipment	-	(15)
Finance income	(544)	(1,206)
Reversal of impairment losses under MFRS 9	(1,652)	(2,546)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.

B13. Derivatives

The Group did not enter into any derivatives during the current quarter under review.